Manitoba Lotteries Corporation

Mission

Manitoba Lotteries' Mission is to provide a fun and entertaining gaming experience in a socially responsible manner to generate benefits for all Manitobans.

For Further Information Contact:

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THIRD QUARTER REPORT
(UNAUDITED)

FOR THE NINE MONTHS ENDED
DECEMBER 31, 2011
(UNAUDITED)

MANITOBA LOTTERIES CORPORATION
OPERATIONAL HIGHLIGHTS

Manitoba Lotteries Corporation's consolidated net income and comprehensive income for the nine months ended December 31, 2011 was $258.9 million, an increase of $3.4 million from the same period last year. This change is due to increases of $8.7 million in the Casinos and $0.4 million in Video Lotto, offset by a decrease of $5.7 million in Lottery.

Revenue and other income, net of cost of sales, decreased $0.3 million from the same period last year while operating expenses decreased $1.8 million. Amortization, interest and GST expenses decreased $3.0 million and allocations and payments increased $1.1 million.

CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, unaudited)
Nine Months Ended December 31st

	2011				2010
	Video Lotto	Casinos	Lottery	Total	Total
Revenue					
Revenue and other income	$249,281	$182,167	$169,645	$601,093	$609,895
Cost of sales	25,257	11,113	112,937	149,307	157,781
	224,024	**171,054**	**56,708**	**451,786**	**452,114**
Expenses					
Operating	17,203	74,317	6,382	97,902	99,710
Amortization	3,100	14,922	-	18,022	19,228
Interest expense – long-term	1,122	4,126	127	5,375	6,644
Goods and services tax	1,520	776	98	2,394	2,980
	22,945	**94,141**	**6,607**	**123,693**	**128,562**
Income before Allocations and Payments	**201,079**	**76,913**	**50,101**	**328,093**	**323,552**
Allocations and Payments	**59,898**	**4,510**	**4,787**	**69,195**	**68,065**
Net Income and Comprehensive Income	**$141,181**	**$72,403**	**$45,314**	**$258,898**	**$255,487**

Notes to the Financial Statements

1. These interim financial statements are not prepared in accordance with International Financial Reporting Standards (IFRS).
2. These financial statements should be read in conjunction with Manitoba Lotteries' 2010-11 Annual Report.
3. Comparative operational information has been reclassified to conform to the presentation of the current year financial results.

MANITOBA LOTTERIES CORPORATION
CONSOLIDATED BALANCE SHEET
(in thousands, unaudited)
December 31st

	2011	2010
ASSETS		
Current Assets		
Cash	$ 26,886	$ 28,599
Accounts receivable	16,115	13,584
Inventories	2,584	2,891
Prepaid expenses	4,325	2,997
	49,910	48,071
Property and Equipment, and Other Assets	173,633	168,313
	$ 223,543	$ 216,384
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 36,536	$ 30,612
Payable to the Province of Manitoba	21,898	21,737
Current portion of long term debt	11,855	17,219
	70,289	69,568
Long Term Debt	147,367	140,945
Provision for Employee Pension Benefits	887	871
Retained Earnings	5,000	5,000
	$223,543	$216,384